

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EB-11 COME-00 TRSE-00 INT-08

SCEM-02 SCI-06 CEA-02 CIEP-02 OMB-01 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01

PRS-01 SPC-03 SS-20 USIA-15 AID-20 FRB-02 IO-14

NEA-10 OPIC-12 LAB-06 SIL-01 DRC-01 /212 W

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R 121320Z JAN 74

FM USMISSION OECD PARIS

TO SECSTATE WASHDC 1571

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION USEC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

C O N F I D E N T I A L USOECD PARIS 1021

E.O. 11652: GDS

TAGS: ENRG OECD

SUBJ: ENERGY CONFERENCE: VAN LENNEP VIEWS

1. SUMMARY. SECGEN VAN LENNEP HAS GIVEN US HIS FURTHER
THINKING CONCERNING PRESIDENT NIXON'S INITIATIVE AND THE
FEBRUARY 11 MEETING OF FOREIGN MINISTERS. END SUMMARY.

2. SECGEN IS CONCERNED BY TONE OF MANY REPORTS IN PRESS AND
ELSEWHERE THAT, IN SHARP CONTRAST TO APPROACH OF SECRETARY
KISSINGER, DESCRIBE FORTHCOMING MEETING AS CONCENTRATION
AMONG CONSUMERS IN PREPARATION FOR CONFRONTATION WITH
PRODUCERS. HE SEES FEB 11 MEETING

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AS STEP TOWARDS COOPERATIVE APPROACH TO

PROBLEMS WITH MAJOR OIL EXPORTERS, AND POINTS OUT THAT IN FACT CHARACTERISTICS WHICH MOST CLEARLY DISTINGUISH GROUP INVITED TO MEETING FROM MOST OTHER COUNTRIES RELATE TO (A) THEIR POSSIBILITIES AND (B) THEIR RESPONSIBILITIES.

3. FIRST, SEC GEN SAYS, THESE ARE COUNTRIES, UNLIKE NON-OIL DEVELOPING COUNTRIES AND OTHERS, THAT HAVE RANGE OF CHOICE CONCERNING THEIR ENERGY SUPPLY, BETWEEN (A) CRASH PROGRAMS FOR INDEPENDENT DEVELOPMENT OF OTHER SOURCES OF ENERGY AND (B) COOPERATION WITH OPEC COUNTRIES FOR RATIONAL ECONOMIC USE OF THEIR OIL RESOURCES. COUNTRIES INVITED TO FOREIGN MINISTERS MEETING HAVE THE NECESSARY FINANCIAL RESOURCES, REFLECTING AMONG OTHER THINGS THE FACT THAT OPEC OIL REVENUES CAN FOR THE MOST PART ONLY BE INVESTED IN THESE COUNTRIES. IN ADDITION, THEY HAVE THE TECHNICAL CAPABILITY AND THE RESOURCE BASE FOR DEVELOPING ALTERNATIVE ENERGY SOURCES.

4. SECONDLY, SEC GEN SEES THESE COUNTRIES AS BEING AMONG SMALL GROUP THAT HAS AND ABLE TO EXERCISE RESPONSIBILITY FOR DEVELOPING SOLUTIONS TO ENERGY PROBLEMS THAT PROTECT INTERNATIONAL ECONOMIC SYSTEM. MARKET FORCES, HE SAID, GIVE THESE COUNTRIES THESE RESPONSIBILITIES, BECAUSE OF THEIR WEIGHT IN INTERNATIONAL EXCHANGES.

5. SEC GEN FORESEES OUTCOME OF EVENTUAL DISCUSSIONS WITH OPEC COUNTRIES AS PUTTING OIL PRICE AND QUANTITY DECISIONS ON A "SENSIBLE BASIS", THAT REALISTICALLY REFLECTS ECONOMIC FACTORS AND IS IN COMMON INTEREST OF EXPORTERS AND IMPORTERS. ONCE SUCH A REALISTIC BASIS IS ESTABLISHED, HE SEES BILATERAL ARRANGEMENTS BETWEEN IMPORTERS AND EXPORTERS AS BEING ACCEPTABLE, IN CONTRAST TO DANGER OF DISRUPTING FROM BILATERAL ARRANGEMENTS ARRIVED AT ON A COMPETITIVE BASIS. HE HOPES THAT APPROACH OF FEB 11 MEETING WOULD BE SUCH AS TO STRENGTHEN THE HANDS OF THE "MODERATES" WITHIN OPEC, WHO FAVOR AN ECONOMICALLY REALISTIC APPROACH TO PRICING, BUT WHO ARE NOT NOW IN CONTROL WITHIN OPEC.

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6. SEC GEN REFERRED TO VIEWS SOMETIMES EXPRESSED BY SOME DEVELOPED COUNTRIES AND BY SOME MEMBERS OF OPEC THAT NON-OIL LDCS SHOULD BE INVOLVED ON EQUAL BASIS IN THE DEVELOPMENT OF THE MORE SENSIBLE RELATIONSHIP. HE THOUGHT SUCH PARTICIPATION COULD CONTRIBUTE ONLY TO OBJECTIVES OTHER THAN THE DEVELOPMENT OF A SENSIBLE ECONOMIC BASIS FOR OIL TRADE, SINCE LDCS DO NOT HAVE

EITHER OPTIONS OR RESPONSIBILITIES THAT DEVELOPED COUNTRIES HAVE. HE FULLY AGREED, HOWEVER, THAT LDCS MUST BE PART OF CONSULTATIONS AND THE DEVELOPED COUNTRIES SHOULD AVOID PATENALISTIC APPROACH TO THEIR INTERESTS.

7. SECGEN AGAIN OFFERED HIS COOPERATION IN CONNECTION WITH FEB 11 MEETING, INCLUDING POSSIBILITY OF CONTRIBUTION TOWARD PREPARATIONS FOR THE MEETING. IF IT IS CONSIDERED DESIRABLE, HE WOULD HAVE SECRETARIAT PREPARE SUGGESTIONS ON ISSUES TO BE FACED IN FOREIGN MINISTERS' ASSESSMENT OF THE SITUATION AND WHAT TO DO ABOUT IT. HE ALSO OFFERED FACILITY OF OECD FOR DISSEMINATION MULTILATERALLY WITHIN OCED OF SUCH INFORMATION ABOUT THE MEETING AS MIGHT BE DESIRED.

8. COMMENT: SECGEN MADE CLEAR AGAIN HIS HIGHLY POSITIVE ATTITUDE TOWARD PRESIDENT'S INITIATIVE. HE CLEARLY WISHES TO OFFER WHATEVER CONTRIBUTION OECD AND ITS FACILITIES MAY BE ABLE TO MAKE IN ANY INFORMAL WAY, WHILE FULLY RECOGNIZING THE NEED AT LEAST AT THIS STAGE TO AVOID SLOWING THE MOMENTUM OF THE INITIATIVE BY INVOLVING IT IN INSTITUTIONAL QUESTIONS. MISSION WOULD APPRECIATE SUCH INDICATION OF CONTRIBUTION THAT OECD MIGHT MAKE AS WASHINGTON FEELS WOULD BE APPROPRIATE IN RESPONSE TO SECGEN'S OFFER. SOME OF SECRETARIAT'S MOST INTERESTING WORK OF IMMEDIATE RELEVANCE HAS BEEN IN ANALYSIS OF ECONOMIC EFFECTS, AND THIS WORK IS BEING REFINED AND EXTENDED WITHIN SECRETARIAT AND IN INTER-GOVERNMENTAL DISCUSSIONS, BUT SECGEN CAN DRAW ALSO ON STUDIES OF SUPPLY, R&D AND OTHER ASPECTS. IF SPECIAL REPRESENTATIVE MENTIONED IN PRESIDENT'S LETTER TO INVITED GOVERNMENTS PLANS TO CALL ON SECGEN, HE MIGHT

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WISH TO DISCUSS THIS SUBJECT AT THAT POINT.
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NNN

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